STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 0840	Department State Controller's Office		Priority No.
Budget Request Name 0840-008-BCP-BR-2016-GB		Program 0500300–PERSONNEL PAYROLL SERVICES	Subprogram	

Budget Request Description
Personnel and Payroll Transaction Workload

Budget Request Summary
The State Controller's Office (SCO) requests $325,000 ($186,000 General Fund [GF]; $139,000 Central Service Cost Recovery Fund [CSCRF]) in 2016-17 and $287,000 ($164,000 GF; $123,000 CSCRF) in 2017-18 and ongoing for 4.0 positions to improve a 46% call answer rate, and dedicate staff to complete production work.

Requires Legislation ☐ Yes ☒ No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? ☐ Yes ☒ No *If yes, departmental Chief Information Officer must sign.*	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

☐ FSR   ☐ SPR   Project No.   Date:

If proposal affects another department, does other department concur with proposal?   ☐ Yes   ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Debra Spellman, Acting Chief Personnel/Payroll Services Div.	Date 12/11/15	Reviewed By Larry Norris, Chief Admin and Disb. Division	Date 12/7/15
Department Director Tom Yowell Chief Administrative Officer	Date 12-11-15	Agency Secretary George Lolas Chief Operating Officer	Date 12/11/15

BCP Fiscal Detail Sheet

BCP Title: Personnel and Payroll Transaction Workload

DP Name: 0840-008-BCP-DP-2016-GB

Budget Request Summary

	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	4.0	4.0	4.0	4.0	4.0
Total Positions	**0.0**	**4.0**	**4.0**	**4.0**	**4.0**	**4.0**
Salaries and Wages						
Earnings - Permanent	0	170	170	170	170	170
Total Salaries and Wages	**$0**	**$170**	**$170**	**$170**	**$170**	**$170**
Total Staff Benefits	0	89	89	89	89	89
Total Personal Services	**$0**	**$259**	**$259**	**$259**	**$259**	**$259**
Operating Expenses and Equipment						
5301 - General Expense	0	16	8	8	8	8
5304 - Communications	0	4	4	4	4	4
5322 - Training	0	4	4	4	4	4
5340 - Consulting and Professional Services - External	0	30	0	0	0	0
5346 - Information Technology	0	12	12	12	12	12
Total Operating Expenses and Equipment	**$0**	**$66**	**$28**	**$28**	**$28**	**$28**
Total Budget Request	**$0**	**$325**	**$287**	**$287**	**$287**	**$287**

Fund Summary

	CY	BY	BY+1	BY+2	BY+3	BY+4
Fund Source - State Operations						
0001 - General Fund	0	186	164	164	164	164
9740 - Central Service Cost Recovery Fund	0	139	123	123	123	123
Total State Operations Expenditures	**$0**	**$325**	**$287**	**$287**	**$287**	**$287**
Total All Funds	**$0**	**$325**	**$287**	**$287**	**$287**	**$287**

Program Summary

	CY	BY	BY+1	BY+2	BY+3	BY+4
Program Funding						
0500300 - Personnel/Payroll Services	0	325	287	287	287	287
Total All Programs	**$0**	**$325**	**$287**	**$287**	**$287**	**$287**

Personal Services Details

Positions	Salary Information			CY	BY	BY+1	BY+2	BY+3	BY+4
	Min	Mid	Max						
1311 - Payroll Spec (Eff. 07-01-2016)				0.0	4.0	4.0	4.0	4.0	4.0
Total Positions				**0.0**	**4.0**	**4.0**	**4.0**	**4.0**	**4.0**

Salaries and Wages	CY	BY	BY+1	BY+2	BY+3	BY+4
1311 - Payroll Spec (Eff. 07-01-2016)	0	170	170	170	170	170
Total Salaries and Wages	**$0**	**$170**	**$170**	**$170**	**$170**	**$170**

Staff Benefits						
5150900 - Staff Benefits - Other	0	89	89	89	89	89
Total Staff Benefits	**$0**	**$89**	**$89**	**$89**	**$89**	**$89**
Total Personal Services	**$0**	**$259**	**$259**	**$259**	**$259**	**$259**

A. Budget Request Summary

The State Controller's Office (SCO) requests $325,000 ($186,000 General Fund [GF]; $139,000 Central Service Cost Recovery Fund [CSCRF]) in 2016-17 and $287,000 ($164,000 GF; $123,000 CSCRF) in 20'17-18 and ongoing for 4.0 positions to improve a 46% call answer rate, and dedicate staff to complete production work.

A. Background/History

The State Controller's Office (SCO) is responsible for issuing pay to employees of the State Civil Service (CS), California State University (CSU), and Judicial Council. There are currently over 150 departments and 24 campuses in the State of California. The State workforce is comprised of approximately 284,000 employees, represented by 21 State Civil Service bargaining units and 13 CSU bargaining units. Employees are located throughout California and in other states and range from elected officials, managers and supervisors, and higher education faculty, to rank and file workers in a variety of occupations.

The Personnel and Payroll Services Division (PPSD) administers the Uniform State Payroll System and audits and processes all personnel and payroll transactions for state civil service and exempt employees and the CSU system. The PPSD provides information required to manage the personnel resources of the State, accounts for salary and wage expenditures, and provides data to the retirement systems necessary for calculation of employee retirement benefits.

The Personnel/Payroll Operations Bureau (PPOB), within the PPSD, is responsible for processing transactions to ensure employees are paid correctly. It is also responsible for providing answers to department and CSU human resource (HR) offices as well as other callers (Statewide accounting offices, other control agencies, vendors and occasionally employees). HR offices contact the PPOB seeking clarification or instruction on how to process personnel or payroll transactions and/or properly fill-out documents required to be sent to the SCO for processing. The majority of calls are made to a single telephone number and then routed by an Automatic Call Distribution (ACD) system to specific business areas (Benefits, Payroll, Personnel, Direct Deposit, Disability, W-2, Miscellaneous Deductions and CSU) with knowledgeable experts. Three areas – Position Control, Retirement, and Operations Support – receive telephone calls directly through unique telephone numbers.

Currently, staff in each business area split the workload of processing transactions, answering phone calls and responding to email inquiries. It is important to answer all calls received so that HR offices can correctly process transactions and accurately complete documents sent to the SCO. Errors in either result in time lags and incorrect pay for employees. The existing ACD and staff resources are insufficient with the majority of calls being routed to voicemail or being abandoned entirely. From 2012-13 through 2014-15, only 46% of calls were answered, 38% went to voicemail and 16% were abandoned.

The PPOB receives and processes approximately 435,000 documents annually from department and CSU HR offices. A single document can require one or many transactions to correct pay or employment history. All transactions processed by PPOB require manual intervention because they are exceptions or actions that cannot be automated. Most transactions are for one or several retroactive pay periods which make them significantly more complex.

Resource History
(Dollars in thousands)

Program Budget	2010-11	2011-12	2012-13	2013-14	2014-15
Authorized Expenditures	$16,556	$16,681	$15,100	$18,171	$19,346
Actual Expenditures[1]	$18,725	$18,235	$16,796	$20,106	$21,260
Revenues	-	-	-	-	-
Authorized Positions	127.0	126.0	123.5	122.5	129.5
Filled Positions[1]	117.0	122.3	103.6	117.8	132.6
Vacancies[1]	10.0	3.7	19.9	4.7	0.0

[1] The figures in the Resource History table are for PPOB. PPSD does not track position vacancies or expenditures by unit, therefore, the figures are based off of ratios and percentages from the Division level and may not represent the actual expenditures and filled/vacant positions for PPOB.

Workload History

Workload Measure	2010-11[1]	2011-12[1]	2012-13	2013-14	2014-15	2015-16
Calls						
Calls Answered	-	-	44,737	59,807	46,666	53,114
Calls to Voicemail	-		40,541	35,256	46,721	43,876
Calls Abandoned	-		20,062	14,199	18,714	18,474
Total Calls			105,340	109,262	112,101	115,464

[1] Prior to 2012-13, calls were not tracked.

B.   State Level Considerations

The PPSD administers the Uniform State Payroll System, audits and processes all personnel and payroll transactions for State Civil Service and exempt employees and the CSU system. The PPSD is responsible for providing information required to manage the personnel resources of the State and to properly account for salary and wage expenditures. If calls are not answered, HR offices will not have the right information to process transactions correctly and/or complete documents required to be sent to the SCO for processing. When HR offices are unable to complete the transactions accurately, documents are returned for correction, causing a time delay in processing. This results in an employee's payroll continuing to be incorrect, causing a refund to the employee or more likely, an accounts receivable. This can then lead to Union officials getting involved, raising issues across the State to elected officials.

C.   Justification

The requested resources will allow for the PPSD to increase the number of calls that are answered and enable liaisons to provide assistance in a timely manner. The current ACD routes the initial calls to liaisons in the business areas. These liaisons are answering statewide calls from department and CSU HR offices. However, they also receive calls from employees, statewide accounting offices, vendors, and other state agencies. Callers are asking for clarification or instruction for personnel or payroll processing on a wide variety of issues. Because department and CSU HR offices may not receive the appropriate level of assistance, they often escalate calls that they feel require immediate attention.

The requested resources will improve responses to department and CSU HR office inquiries. It is estimated that with the requested resources, up to 64% of initial calls will be answered, instead of the current rate of 46%. When not responding to inquiries, staff will work on processing documents, decreasing the turn-around time for payroll and personnel transactions.

Specific duties are outlined in Attachment I (Workload Justification).

The current ACD system will require a one-time modification at a cost of $30,000. This modification will accommodate the additional specialists answering calls and provide functionality that allows the routing of calls to a second tier of support.

D. Outcomes and Accountability

The additional staff requested will enable HR office staff to get the answers they need to properly handle processing personnel and payroll transactions and completing documents correctly. This in turn will ensure employees are paid correctly, increase customer satisfaction, and decrease the turn-around time for payroll and personnel documents.

Projected Outcomes[1]						
Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Number of Calls Answered	22,000	22,000	22,000	22,000	22,000	22,000
Audit and Process Transactions	17,200	17,200	17,200	17,200	17,200	17,200

[1] The Projected Outcomes represent the number of calls and transactions that the 4 additional staff can accomplish. The calls represent an 18% answer rate increase, for an estimated 64% answer rate.

E. Analysis of All Feasible Alternatives

Alternative 1: The State Controller's Office (SCO) requests $325,000 ($186,000 General Fund [GF]; $139,000 Central Service Cost Recovery Fund [CSCRF]) in 2016-17 and $287,000 ($164,000 GF; $123,000 CSCRF) in 20'17-18 and ongoing for 4.0 positions to improve a 46% call answer rate, and dedicate staff to complete production work.

Pros:
- Enables the SCO to increase the answer rate from 46% to near 64%, increasing service levels and customer satisfaction.
- Provides Department and CSU HR offices with increased assistance, which will decrease the number of documents with errors and reduce the number of escalated issues.
- Modifies the current ACD to allow for a larger group of agents answering calls and provide functionality that allows for the routing of calls to a second tier of support.

Cons:
- Requires additional resources.

Alternative 2: Provide the SCO with $666,000 ($380,000 General Fund [GF]; $286,000 Central Service Cost Recovery Fund [CSCRF]) in 2015-16 to eliminate a backlog of personnel and payroll transactions and $1,525,000 ($869,000 GF; $656,000 CSCRF) in 2016-17 and $1,459,000 ($832,000 GF; $627,000 CSCRF) in 2017-18 and ongoing for 17.9 permanent positions to establish a dedicated Customer Contact Center (CCC) to address an increased call volume, improve a 46% answer rate, and dedicate staff to complete production work. This request includes a current year component.

Pros:
- Enables the SCO to implement a dedicated CCC that will ensure an acceptable call answer rate, increasing service levels and customer satisfaction.
- Provides Department and CSU HR offices with the assistance they need, which will decrease the number of documents with errors and reduce the number of escalated issues.
- Modifies the current ACD to allow for a larger group of agents answering calls and provide functionality that allows for the routing of calls to a second tier of support.
- Eliminates a backlog of personnel and payroll transactions by June 2016.

Cons:
- Requires resources and CY funding.

Alternative 3: Do nothing.

    Pros:
- No resources required.

    Cons:
- The SCO will not be able to increase service levels and customer satisfaction.
- Department and CSU HR offices will not be provided the assistance they need, which will increase the number of documents with errors and increase the number of escalated issues.
- The current ACD will not be modified.
- Does not eliminate nor stop a backlog of personnel and payroll transactions.

F.   Implementation Plan

TIME FRAME	OUTCOME
May 2016 – June 2016	Begin recruitment for additional staff.
July 2016 - August 2016	Hire staff. Modify Automatic Call Distribution system.
July 2016 – September 2016	Train Staff
August 2016	Staff to begin answering calls and processing transactions.

G.   Supplemental Information

In addition to the SCO standard OE&E complement, funding for General Expense, Communications and Consulting & Professional Services: External is included within this request.

General Expense - $8,000 is requested for desktop PCs, monitors, and standard software/licenses.

Consulting & Professional Services: External - $30,000 is requested to modify the current ACD system.

H. Recommendation

Approve Alternative 1 and provide the SCO with $325,000 ($186,000 General Fund [GF]; $139,000 Central Service Cost Recovery Fund [CSCRF]) in 2016-17 and $287,000 ($164,000 GF; $123,000 CSCRF) in 20'17-18 and ongoing for 4.0 positions to improve a 46% call answer rate, and dedicate staff to complete production work.

Personnel and Payroll Services Division (PPSD) Workload Description	New Annual Increased Workload/ Task	Annual Hours per Task	Total Increased Hours	Number of Positions
Classification: Payroll Specialist				
Major responsibility: The Payroll Specialist will serve as a telephone liaison for the PPOB.				
>Assist callers in troubleshooting and triaging issues and provides information on processes and procedures (including the completion of forms and transactions) when documentation exists to support this process.	22,000	0.13	2,860	1.6
>Audit and process transactions necessary to update employee's payroll information, update histories and generate daily payrolls and supplemental master payrolls.	17,200	0.25	4,300	2.4
Workload assumption: Based on historical experience and the assumption that 120,000 calls will be received by the PPOB based on the average number of calls received annually since 2012/13.				
TOTAL: PAYROLL SPECIALIST	39,200	0.38	7,160	4.0